Eco-labelling in Austria and Lithuania: a Comparative Study

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At the end of the last century a number of environmental laws, technical regulations and normative documents were created. At the same time there appeared the combination of such concepts as “business”, “environment-oriented activity”, “sustainable development”, “continuous development” and “sustainable product management” in scientific articles. Country’s economic and social development should be oriented according to sustainable development principle in the way that current satisfaction of consumer needs would not reduce the possibilities of satisfying the needs of generations to come. Austria and Lithuania signed the declaration containing this point together with other countries in Rio De Janeiro in 1992. Every state must have an environmental policy, which links all development strategies of economy branches and territories.

Eco-labelling of products and services is part of environment-oriented activity and sustainable product management. Eco-label is an important product quality indicator. Eco-certification and eco-labelling are considered as instrument within the European strategy of Integrated Product Policy to achieve more sustainable consumption patterns. It is possible that the increased demand for green products and services from informed consumers will induce enterprises to supply markets with more environmentally friendly products.

The main purpose of this work is to analyze and generalize the practice of products and services eco-certification and eco-labelling in the world as well as to identify their better possibilities of usage in Lithuania and in Austria. The article uses the following methods: comparative and systematic analysis of scientific literature, survey of Austrian and Lithuanian enterprises and markets, mathematical statistics, interviewing experts, managers and consumers. Special parallel investigations have been performed to assess the status in Austria and Lithuania with the purpose to define consumer and manufacturer attitudes and preferences upon ecological products. The comparative study also includes the range of awarded products and services in both countries and the structure of enterprises taking part in national eco-labelling schemes. In a next step the information of consumers in both countries on labels and awarded products will be analysed. Factors of success and failures in the spreading of eco-labelling shall be worked out as a result of the comparative study.

Keywords: eco-labelling, quality, sustainable development, sustainable product management, comparative study, consumer research.

Introduction

Environmental problems are highly taken into consideration by economically developed countries these days. Quality and environment control are matters of primary interest as the stakeholders (customers, creditors, shareholders, society etc.) are concerned. Their increasing requirements forced to innovate eco-labelling and environmental management systems even companies which are not directly linked with manufacturing (real estate companies, educational, public offices, banks etc.). Voluntary environmental activities positively influence the public image of a company and enhance its value. These activities and eco-labelling are becoming more and more important factors of gaining public recognition and powerful marketing tools, influencing customers and manufacturers as well (Hillary, 2000; Environmental..., 2003; Marijano; 2001, Ruţevičius, 2003; Zutshi, 2004; Vogel, 2003). The US prestigious award for goods and services “US Global Award” is given according to the three criteria a commodity should fit:

1. It should be “Human friendly” i.e. have positive quality and price correlation and satisfy the needs of consumers and the requirements of society.
2. It should be “Environment friendly” i.e. the process of commodity manufacturing should be eco-friendly, fit in environment control standards and have utilization prospects.
3. It should also be “Market friendly” i.e. have well-balanced range of goods, should not differentiate with the competition norms.

The main purpose of this work is to analyze and generalize the practice of products and services eco-certification and eco-labelling in the world as well as to identify their better possibilities of usage in the Lithuania and in Austria. The following methods are used in the article: comparative and systematic analysis of scientific literature, survey of Austrian and Lithuanian enterprises and markets, mathematical statistics, interviewing experts, managers and consumers. Special parallel investigations have been performed to assess the status in Austria and Lithuania with the purpose to define consumer and manufacturer attitudes and preferences upon ecological products.
Review of international eco-labelling activities

At the end of the last century a number of environmental laws, technical regulations and normative documents were created. At the same time there appeared the combination of such concepts as “business”, “environment-oriented activity”, “sustainable development”, “continuous development” and “sustainable product management” in scientific articles (Kirk, 1995; Ruževičius, 2006; Vogel, 2003; Vossemaar, 1996). Country’s economic and social development should be oriented according to the sustainable development principle in the way that current satisfaction of consumer needs would not reduce the possibilities of satisfying the needs of generations to come. Austria and Lithuania signed the declaration containing this point together with other countries in Rio De Janeiro in 1992. Every state must have an environmental policy, which links all development strategies of economy branches and territories.

There are many different eco-labelling programs and declarations, which are managed through governments, private companies and non-governmental institutions. All these can be grouped into three principal types, created by the International Organization for Standardization (ISO) and implicated in the ISO 14020 – 14025 standards, intended for eco-product labelling (eco-labelling, further – EL): labels and signs of the first type compare products with other goods of the same kind (category). The eco-labelling is given to such goods, which are comparatively safer for the environment though the entire life cycle. The criterion of evaluation is elaborated by an independent organization and it controls using assessment, certification and audit of the corresponding procedures. The grading of products’ (goods and services) quality is rather complicated in this case. Labels and signs of the second type and the order of granting them are performed by the manufacturers, importers and distributors themselves. They are the least informed out of all the three types of environmental signs. EL of the third type defines the impact of the product towards the environment during its entire life cycle. The information margins and structure of these ELs can be defined by industrial branches or independent organizations. Contrarily to the EL of type I, labelling according to type III does not directly evaluate eco-friendliness, but lets the consumer do it himself.

The essential goal of eco-labelling is to protect environment, encourage demand and offer products that have smaller impact on environment. EL performs 2 functions: encourage companies to produce goods, which possess the smallest impact on environment and help consumers choose the goods, pointing out a more ecological product (Figure 1). Due to products’ ecological standards and eco-education there appear consumer-manufacturer relationships, which help to reduce pollution of the environment.

The effect of eco-labelling depends very much on the appropriateness of certification criteria, on the market share, which has to be labelled by such products, on buyers’ private and buying priorities while acquiring goods, manufacturers’ and sellers’ ecological sophistication, flexibility etc. (Sinclair, 2003; Steen, 2005; Tse, 2001) One of the means to evaluate positive influence on the environment of these products is to investigate knowledge of consumers and interview manufacturers (Landman, 1996). The results of our investigations and from other sources are presented hereafter. EL test of “Blue Angel”, performed in Germany, showed, that manufacturers try hard to get this sign in order to enhance their products’ competitiveness in the market and increase the amount of sales. But the most important thing is that this sign encouraged innovations, and due to it positive reaction of partners and consumers was noticed; it also became easier to attract new customers. The majority of questioned items evaluated the environmental sign as very positive (Landman, 1996). Nowadays, there are about 50 eco-labelling programs in the world. Most of these programs were created in the late 80-ies of the last century. They can be divided into national and international (for instance, EU or Northern Countries). The oldest ones are “Blue Angel” (Germany) and “Environmental Sign” (Japan) programs (Landman, 1996; Mahlman, 1998; Ruževičius, 2006).

However, as the range of eco-labelling programs is so wide, there appear the problems of their compatibility. That is the reason why some countries have started creating common eco-signs. For example, in order to coordinate eco-labelling programs in Sweden, Finland, Norway, Denmark and Iceland these countries created the common “Nordic swan” program in 1989. The EU created the common “EU ECO-Flower” program in 1992, which is acknowledged and can be used by all 25 EU member countries as well as Norway, Liechtenstein, Iceland and other states. In 1994 the Global Eco labelling Network was created to solve the compatibility of the programs. Now it unites about 20 eco-labelling institutions, members are encouraged to exchange information and to coordinate eco-labelling programs (Chan, 2006; D’Sauza, 2004; Evaluation..., 2005; Herbig, 1997; Jayawardena, 2003).

The “European flower” eco-sign is being popularized a lot. The importance of this sign is that it is acknowledged by 28 states. Products are labelled with this sign with no reference to the country of origin. It allows consumers in the EU to recognize ecological products. Recently, the role of this sign has been strengthened remarkably: at the end of 1999 the number of product types labelled with this sign, was 250, whereas at the beginning of 2007 – more than 1000. It is used in Belgium, Finland, France, Germany, Greece, Ireland, Holland, Italy, Denmark, Spain, Sweden, Portugal, Austria and Great Britain (although most of these countries have their own national signs).
Eco-labelling in Austria

The Austrian eco-label was created in 1990 on the initiative of the Federal Ministry for the Environment. It is the only official eco-label apart from the EU bio-food label. In the meantime 60 directives were elaborated and about 380 products are actually allowed to use the sign. The organisation, administration and control of the Austrian eco-label are strongly supported by the Austrian Consumer Association (VKI). The label was introduced to characterise the better eco performance of the awarded products in relation to other products of the same category, later on it was extended to services, among them the directive for tourist accommodation services in 1996, which is implemented by about 200 enterprises of varying size (Austrian..., 2007; Kollmann, 2006). Since 2003 schools and teachers training institutions may apply for the use of the Austrian eco-label as well. Figure 2 shows the development of the number of eco-label users of these three groups. The directives comprise environmental impacts of products during their entire life cycle and lists of compulsory and facultative criteria for obtaining the label.

The right to use the label is limited to four years and can be extended after evaluation. Enterprises have to pay for the use of the label depending on their sales and size; schools are exempted from the fees. The enterprise is then allowed to use the sign for marketing and promotion activities. In the case of products and services for cleaning, bureau supply and equipment, electric power production, etc. the enterprises supplying the awarded products and services have also good chances to be preferred by public procurement.

On a macro-economic scale the label contributes to eco-friendly innovation processes by motivating producers and traders to develop and offer less environmentally-polluting products. With respect to informed consumer choice the sign attracts the attention of consumers to alternative environmentally-friendly products, thus stimulating a growing supply of "green products". The range of products and services comprises cleaning, energy consuming household appliances, solar power production, paper products and other bureau supply and equipment, goods for homes and gardens, including the large category of building materials, further textiles and clothing and at last lubricants. Two examples shall illustrate the success of eco-labelling. Austria’s economy relies to a large extent on tourism. The label UZ TB has contributed much to the advancement of standards and quality of tourist services in the country, thus encouraging the enterprises to meet growing competition. The image of Austria as an environmentally friendly and reliable place for holidays improved and enterprises could partly reach reduction of costs for waste disposal and energy consumption. It is discussed to extend the label even to regions. The Austrian population is concerned very much about atomic power plants and due to the countries water reservoirs electric power generation from renewable resources has a long tradition and renewable energy resources are highly estimated among people. Since 2001,
when the liberalisation of the electric power market took place in Europe, the Austrian enterprise Oekostrom AG uses the eco-label UZ 46 for its “green current”. The sales of this product doubled each year since that time. The label has been used to convey to consumers an authentic image of the product Oekostrom and the firms’ strategy, which guarantees that the electric power is reliably produced from renewable national resources. 65% of interviewed customers of the Oecostrom AG stated that they considered the eco-label important or very important, only 7% said, that they did not care about it. Also public procurement by governmental and community entities relies more and more on electric power supply from this source.

The use of eco-labelling in schools has mainly other dimensions than micro- and macro-economic effects: It is one way to introduce sustainability thinking into broad public thinking and also into daily life, in this way gradually changing national lifestyles. Further the eco-label in schools has positive consequences for social life inside and outside the school like strengthening a school’s image in public awareness, more cooperation and understanding between pupils, teachers and parents and the enforcement of contacts to stakeholders. Although consumer acceptance, relying on a press report published by the Austrian chamber of commerce seems high - 60% of consumers prefer eco-labelled products and around 40 % do not pay attention to the label, there are also some objections concerning eco-labelling. Besides the national awarding scheme there exist a great number of company signs, mainly in the food sector, a fact, which complicates and misleads informed consumer’s choice.

Another aspect is that environmental aspects interfere more and more with social issues (e.g. fair payment for workers, no child work, etc.) due to the globalisation of the economy. Taking this into account there are efforts to create labels integrating both issues. But at present many people are induced to mix up those kinds of labels e.g. they believe “fair trade” to be an eco-label – this observation was revealed by our own survey.

Eco-labelling in Lithuania

The national program of eco-labelling started in Lithuania in 1995. In 1996 the procedure of eco-labelling was created, and there appeared “Water Lily” sign. Lithuania created its own national eco-labelling program on the basis of the EU “European Flower” program. The ministry of environment of Lithuania has created environmental criteria for 15 groups of products. It has to be stated, that the eco-labelling system is not effective. One of the major reasons for that is that producers have no interest in acquiring this sign, and it means that the demand of eco-friendly products is not sufficient. It is probably because the buying power in Lithuania is very low (4 times lower than in well-developed states of the EU); another reason is the lack of eco-education in the country. Our investigations show, that only every 50th inhabitant in Lithuania is informed about the existence of EL (Figure 3). Textile companies in Lithuania, like “Utenos trikotaţas”, “Kauno drobė”, “Dirbtinis pluoštas” have got the sign “Öeko-Text 100”. Without this sign they could not sell their production in one of the essential markets - Germany. So, an assumption can be made, that Lithuanian companies cannot compete successfully with European enterprises without common standards, which are widely accepted in Europe. During the implementation stage of “Water Lily” the problem of inter-reconcilability appeared. There is an obvious probability, that this sign will never be known in foreign markets. If foreign consumers do not certify this sign, it will not have any effect in international markets. That is why it is probable that Lithuanian companies, trying to enter foreign markets will choose to label their production with a sign which is used in the country-importer. As Lithuanian manufacturers will further operate in the territory of the EU, they will use the EU eco-signs (“Utenos trikotaţas” already has it). Our investigation results prove that the majority of Lithuanian companies would choose the EU sign, and none of them – the “Water Lily”. It has to be stated, that Lithuanian companies have become very interested in getting eco-signs – at the beginning of 2003 only every fifth of enterprises showed interest in this field (Rūževičius, 2003), while at the beginning of 2005 this amount reached 39.4 per cent (Figure 3).

![Figure 2. Development of eco-label usage in Austria (1993-2005)](image-url)
A shift from material products to services (tourism, hotels, forests, beaches, village homesteads) was observed. Seven beaches, three hotels and four village homesteads in Lithuania were awarded by eco-labels in the beginning of 2007.

Recognition and preferences of eco-labels by Austrian and Lithuanian consumers

The economic effectiveness of eco-labelling and the EL crucial increase of products sales depend on the above stated recognition of these signs and the fact, how consumers realize their meaning and value. A comparative survey by the authors on the perceptions and knowledge of eco-labelling among Austrian and Lithuanian consumers revealed the results as presented in figure 4. Half of the Austrian and less than on a third of the Lithuanian consumers declare to pay attention to eco-labelling – this result may be explained by the longer tradition of eco-labelling in Austria and its longer EU membership. Different situation is in Scandinavian counties – 80 per cents Norwegian consumers recognize own national EL (“Nordic Swan”), and near 80 per cent of their take priority to an eco-friendly product with national EL. The knowledge of the national eco-labels is in both countries quite poor, often consumers know the blue angel better than their own national label – this is due to imported products from German origin and also to the fact that the introduction of this sign dates back to 1977. Despite all efforts of the EU to promote the common eco-label – the EU flower – consumers in both countries are rarely aware of this label.

As already outlined in this article there are many food labels from food trading companies in Austria (there is a concentration of a few retail chains who are in hard competition), which indicate also eco-quality but are mainly used to compete for customers. Nevertheless these signs have attributed a lot to the acceptance of bio food in Austria. In Lithuania ecological food labelling is comparatively unknown, a result which can be anticipated for a country on the transition to middle and west European welfare. This is confirmed by the next question, which shows that Austrian consumers are willing to spend more extra money on eco-friendly products than the Lithuanians.

Figure 3. The evaluation of product eco-labelling by Lithuanian marketing specialists

![Figure 3. The evaluation of product eco-labelling by Lithuanian marketing specialists](image)

Austrian consumers
Lithuanian consumers

Figure 4. Recognition and preferences to eco-labels by Austrian and Lithuanian consumers

![Figure 4. Recognition and preferences to eco-labels by Austrian and Lithuanian consumers](image)
Conclusions

Voluntary eco-activity of companies has only recently gained interest – at the end of the 90-ies of the last century. One of the most popular means to encourage this activity is now eco-labelling programs and eco-management standards, and on their basis eco-management systems are being implemented in companies.

The national eco-labelling scheme in Austria dates back fifteen years, in Lithuania – ten years. In Austria, although the number of products with eco-labels was enlarged and comprises almost all sectors of consumer products, the focus still is on food products. A shift from material products to services (tourism, electric power supply, schools and other public services) was observed. In Lithuania new objects (tourism, hotels, forests, beaches, village homesteads etc.) were awarded by eco-labels in the course of the last years.

The diversity of labels of very different meanings and importance causes much confusion among consumers. Often this is intended in order to pretend a higher quality of a product e.g. by using symbols or words like eco-, bio- etc. The probably most misunderstood labels are the “green point” followed by the recycling symbol – both are very often perceived as eco-friendly communications. It is also difficult for people to decide which labels are protected by national and international regulations and which are controlled by voluntary schemes of companies. On the other hand these voluntary quality standards may launch very successful trademarks of a standardised quality on the markets and even change life styles as the bio food labels of Austrian retail food chains. This can be accepted if people are educated enough to distinguish the different levels of eco-labelling.

To expand the usage of environmentally harmless, safe and sparing products, it is required to promote consumer eco-education and eco-information programs on the state-basis, this way improving consumer’s competence and the ecological culture in the society. Only an ecologically aware consumer will become a competent and demanding buyer, and will cause business representatives to act responsible with respect to environmental and social issues. The implementation of eco-labelling in schools may be a valuable contribution to realise these claims.

Amendments to lows on public procurement could contribute significantly to promote the development of “green markets”, the implementation of quality management schemes and eco-management systems in companies and thus support them to participate in public procurement.

References


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Aplinkosauginis ženklas Austrijoje ir Lietuvoje: lyginamoji studija

Santrauka

1987 m. Gro Brundtland Komisijos ataskaitoje „Mūsų bendra ateitis“ pabrėžta, kad vyriausybė, visuomeninės organizacijos, įmonės ne tik gali, bet ir privalo sujungi su skirti jėgas spręsti aplinkos problemoms, nes jos keičia grėsmę egzistuoti pačiai visuomenei. Kiek vėliau,